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AVIC Joy Holdings (HK) Limited

幸福控股（香港）有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 260)

PROPOSED REFRESHMENT OF THE GENERAL MANDATE TO ISSUE SHARES

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The Board proposes to refresh the Existing General Mandate for the Directors to allot and issue new Shares not exceeding 20% of the issued share capital of the Company as at the date of passing of an ordinary resolution for approving such refreshment at the EGM.

Subject to the passing of such resolution at the EGM and based on the total number of 5,943,745,741 issued Shares as at the date of this announcement and assuming that the Company does not issue or repurchase any Shares prior to the EGM, the Refreshment of General Mandate will allow the Directors to issue and allot up to 1,188,749,148 new Shares, being 20% of the entire issued share capital of the Company as at the date of this announcement.

GENERAL

The Board has established the Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Hu Xiaowen, Mr. Gong Changhui and Mr. Wu Meng to consider and, if appropriate, make a recommendation to the Independent Shareholders (i) as to whether the Refreshment of General Mandate is fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (ii) to advise the Independent Shareholders on how to vote, taking into account the recommendations of the Independent Financial Adviser. The Company has appointed Goldin Financial Limited as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Refreshment of General Mandate.

A circular containing, among other things, (i) details of the Refreshment of General Mandate; (ii) details of the recommendations from the Independent Board Committee and the Independent Financial Adviser in relation to the Refreshment of General Mandate; and (iii) a notice convening the EGM, will be despatched to the Shareholders as soon as practicable.

INTRODUCTION

The Board proposes to refresh the Existing General Mandate for the Directors to allot and issue new Shares not exceeding 20% of the issued share capital of the Company as at the date of passing of an ordinary resolution for approving such refreshment at the EGM.

BACKGROUND TO THE REFRESHMENT OF GENERAL MANDATE

At the AGM, the Existing General Mandate was granted to the Directors which enabled the Directors to allot, issue and deal with new Shares not exceeding 20% of the issued share capital of the Company as at the date of the AGM (i.e. a maximum of 1,188,749,148 Shares).

On 3 November 2016, the Company announced the placing of the convertible notes of the Company to not less than six places through a placing agent on a best effort basis. The aforesaid placing was completed on 17 November 2016 whereby 1,000,000,000 new Shares will be allotted and issued upon the exercise in full of the conversion right attaching to the convertible notes of the Company based on the initial conversion under the Existing General Mandate.

As a result of the above, the Existing General Mandate has been utilised as to approximately 84.1% and only 188,749,148 new Shares may be further issued and allotted under the Existing General Mandate. Save for the proposed grant of the Refreshment of General Mandate, there has been no refreshment of the Existing General Mandate since it was granted at the AGM.

Subject to the passing of such resolution at the EGM and based on the total number of 5,943,745,741 issued Shares as at the date of this announcement and assuming that the Company does not issue and/or repurchase any Shares on or prior to the date of the EGM, the Refreshment of General Mandate will allow the Directors to issue and allot up to 1,188,749,148 new Shares, being 20% of the entire issued share capital of the Company as at the date of this announcement.

REASONS FOR THE REFRESHMENT

The Group is principally engaged in the operation of compressed natural gas and liquefied petroleum gas vehicle refueling stations, management and operation of light-emitting diode energy management contracts, provision of finance lease and loan financing services and properties investment, and class 1 land development in the PRC.

Having considered that (a) the Group's gearing ratio as at 30 June 2016, representing the ratio of the Group's net borrowing divided by equity attributable to owners of the parent plus net borrowing, was 68.5%; (b) approximately 84.1% of the Existing General Mandate has been utilised by the Company as at the date of this announcement; and (c) the Refreshment of General Mandate will empower the Directors to issue new Shares under the refreshed limit and provide the Company with the flexibility and ability to capture any appropriate capital raising opportunities in a timely manner, which may arise, for its general working capital and repayment of indebtedness of the Group when they fall due as and when the Directors consider necessary, the Directors consider that the grant of the Refreshment of General Mandate is in the interests of the Company and the Shareholders as a whole.

Up to 30 June 2017, save for the term loan of HK\$110.0 million to be settled by the proceeds from the issue of convertible notes completed on 17 November 2016, the Company expects HK\$236.0 million of loans and interests payment will fall due, it is a prudent financial management approach of the Group to seek for Refreshment of General Mandate to equip with as many fund-raising options as possible and maintain maximum flexibility to cater for any future funding needs in an effective and timely manner, in particular in light of the anticipated rising interest rate environment. Therefore, the Board proposes to seek the approval of Independent Shareholders to grant the Refreshment of General Mandate at the EGM.

The Board believes that fund raising exercise pursuant to a general mandate is simpler and faster than other types of fund raising exercises and removes uncertainties in circumstances when specific mandate may not be obtained in a timely manner. When there shall be any further funding needs or if attractive offer for investment in the Shares is received from potential investors before the next annual general meeting, the Board will be able to respond to the market and such investment offer promptly. The other equity financing methods are generally more costly and/or more time consuming. Nevertheless, the Directors will in any event exercise due and careful consideration when choosing the best method of financing for the Group including issue Shares under the New General Mandate, specific mandate or other pre-emptive fund raising methods such as rights issue and open offer.

GENERAL

As the Refreshment of General Mandate is made before the next annual general meeting of the Company, pursuant to Rule 13.36(4) and 13.39(4) of the Listing Rules, the Refreshment of General Mandate will be subject to the approval of the Independent Shareholders by way of an ordinary resolution at the EGM at which any controlling shareholders of the Company and their associates or, where there is no controlling shareholder, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution approving the proposed grant of the Refreshment of General Mandate.

The Company has no controlling shareholders. As at the date of this announcement, Mr. Zhu Dong, being the executive Director and chairman of the Company, together with his associates, hold 1,740,000 Shares, representing approximately 0.03% of the total issued share capital of the Company as at the date of this announcement. As such, Mr. Zhu Dong and other Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates who, as at the date of the EGM, shall hold any Shares, are required to abstain from voting in favour of the ordinary resolution regarding the proposed grant of the Refreshment of General Mandate at the EGM.

The Board has established the Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Hu Xiaowen, Mr. Gong Changhui and Mr. Wu Meng to consider and, if appropriate, make a recommendation to the Independent Shareholders (i) as to whether the Refreshment of General Mandate is fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (ii) to advise the Independent Shareholders on how to vote, taking into account the recommendations of the Independent Financial Adviser. The Company has appointed Goldin Financial Limited as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Refreshment of General Mandate.

A circular containing, among other things, (i) details of the Refreshment of General Mandate; (ii) details of the recommendations from the Independent Board Committee and the Independent Financial Adviser in relation to the Refreshment of General Mandate; and (iii) a notice convening the EGM, will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“AGM”	the annual general meeting of the Company held on 28 June 2016 in which the Shareholders had approved, among other matters, the Existing General Mandate
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Company”	AVIC Joy Holdings (HK) Limited, a company incorporated in Hong Kong with limited liability whose shares are listed on the Main Board of the Stock Exchange
“controlling shareholder”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve, the proposed grant of the Refreshment of General Mandate
“Existing General Mandate”	the general mandate granted to the Directors by the resolution of the Shareholders passed at the AGM to allot, issue and deal with new Shares not exceeding 20% of the total number of Shares in issue as at the date of the AGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Board Committee”	an independent committee of the Board, comprising all independent non-executive Directors, to advise the Independent Shareholders in relation to the Refreshment of General Mandate
“Independent Financial Adviser”	Goldin Financial Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO, who has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Refreshment of General Mandate
“Independent Shareholder(s)”	Shareholder(s) other than the controlling shareholders and their associates or, if there is no controlling shareholder, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New General Mandate”	the new general mandate proposed to be granted to the Directors at the EGM to allot, issue and deal with new Shares not exceeding 20% of the issued share capital of the Company as at the date of passing the relevant resolution on the Refreshment of General Mandate at the EGM
“PRC”	the People’s Republic of China, which, for the purposes of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Refreshment of General Mandate”	the proposed refreshment of the Existing General Mandate by way of granting the New General Mandate
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“Share(s)”	ordinary share(s) in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By order of the Board
AVIC Joy Holdings (HK) Limited
Wang Xiaowei
Chief Executive Officer and Executive Director

Hong Kong, 21 November 2016

As of the date of this announcement, the Board comprises Mr. Zhu Dong (Chairman), Mr. Wang Xiaowei (Chief Executive Officer), Mr. Zang Zheng and Mr. Xiao Wei as executive Directors; and Mr. Hu Xiaowen, Mr. Gong Changhui and Mr. Wu Meng as independent non-executive Directors.